

Message Text

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ACTION TRSE-00

INFO OCT-01 EA-11 ISO-00 NEA-10 IO-14 H-03 L-03 PRS-01

PA-04 USIA-15 SPC-03 AID-20 EB-11 NSC-10 RSC-01

CIEP-02 SS-20 STR-08 OMB-01 CEA-02 CIAE-00 COME-00

FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06 SIL-01

DRC-01 /179 W

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FM AMEMBASSY MANILA

TO SECSTATE WASHDC PRIORITY 9351

INFO AMEMBASSY JAKARTA PRIORITY

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USADB

FOR NAC AGENCIES

E.O. 11652: ADS, DECLAS 2/23/74

TAGS: EAID, EFIN, ID

SUBJ: PROPOSED ADB TECHNICAL ASSISTANCE TO
INDONESIA FOR PORTS STUDY PROJECT

SUMMARY: ADB MANAGEMENT AT REQUEST INDONESIAN GOVT
PROPOSES TO SERVE AS EXECUTING AGENCY FOR UNDP-FINANCED
\$580,000 EQUIVALENT TECHNICAL ASSISTANCE GRANT TO INDO-
NESIA TO FINANCE FOREX COSTS OF PREPARING LONG TERM
DEVELOPMENT PLAN (MASTER PLAN) AND FIRST STAGE DEVELOPMENT
FEASIBILITY STUDIES FOR PORTS OF SURABAYA, BELAWAN AND
PANJANG. USADB RECOMMENDS FAVORABLE NAC ACTION. END SUMMARY.

1. ADB DOC R104-73 WITH ATTACHMENTS DESCRIBING PROPOSED
LOAN POUCHES ADDRESSEES NOV. 23. BOARD CONSIDERATION
SCHEDULED DEC. 11.

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2. ADB MANAGEMENT PROPOSING TO SERVE AS EXECUTING AGENCY FOR UNDP-FINANCED PORTS STUDY PROJECT FOR GOVT OF INDONESIA (GOI). PROCEEDS WILL FINANCE FOREX COST OF PREPARING LONG TERM DEVELOPMENT (MASTER PLAN) FOR TWO PORTS ON SUMATRA (BELAWAN AND PANJANG) AND INDONESIA'S SECOND LARGEST PORT ON JAVA (SURABAYA); FIRST STANGE DEVELOPMENT PLAN FOR EACH PORT IN BANKABLE PROJECT FORM; LAND USE STUDY OF AREAS SURROUNDING PORTS; ADEQUACY OF ACCESSWAYS (ROAD, RAIL, WATER) TO EACH PORT FROM ITS HINTERLAND; DEPTH SOUNDINGS OF ACCESS CHANNELS AND PORT AREAS; TO BE COORDINATED WITH MASTER PLAN STUDY BEING PERFORMED BY IDA-FINANCED CONSULTANT FOR TANDJUNG PRIOK PORT. ADB TO BE EXECUTING AGENCY, AND UNDP TO FINANCE FOREX COSTS.

3. PROJECT WILL REQUIRE CONSULTANT GROUP WITH EXPERTISE IN PORT PLANNING AND ENGINEERING, SOIL INVESTIGATIONS, LAND USE PLANNING AND TRANSPORT ECONOMICS. ESTIMATED 16 FOREIGN EXPERTS FOR VARYING PERIODS OF TIME REQUIRED FOR TOTAL OF 75 MAN-MONTHS INCLUDING PROJECT ENGINEER (PROJECT MANAGER), PORT ENGINEERS, SOIL ENGINEERS, TRANSPORT ENGINEER, LAND USE EXPERT, PORT OPERATIONS AND SHIPPING EXPERT, TRANSPORT ECONOMISTS, FINANCIAL ANALYSTS AND DRAFTSMEN. IN LIEU OF COUNTERPARTING, PROJECT PROPOSES CONSULTANT HIRE LOCAL EXPERTS EITHER INDIVIDUALS OR LOCAL CONSULTANT FIRMS INCLUDING ENGINEERS, SURVEYORS/HYDROGRAPHERS, HYDROLOGISTS, ECONOMISTS, FINANCIAL ANALYST AND DRAFTSMEN. ESTIMATED LOCAL EXPERTS REQUIRED, 83 MAN MONTHS, PLUS 56 MAN MONTHS LOCAL SECRETARIES, TYPISTS AND CLERKS. TOTAL COST OF PORTS STUDY PROJECT ESTIMATED TO BE US \$830,000 EQUIVALENT OF WHICH FOREX COMPONENT OF US \$580,000 EQUIVALENT FINANCED BY UNDP (COVERING CONSULTANTS' REMUNERATION AND FEES, PER DIEM, INTERNATIONAL TRAVEL AND MISCELLANEOUS EXPENSES). LOCAL COST COMPONENT OF US \$250,000 EQUIVALENT TO BE FINANCED BY GOI WILL PROVIDE LOCAL STAFF COSTS, OFFICE SPACE, INTERNAL TRANSPORTATION, COMMUNICATIONS, EQUIPMENT AND LABOR FOR FIELD WORK INCLUDING SURVEYS, SOUNDINGS AND SOIL INVESTIGATIONS. STUDY EXPECTED TO REQUIRE 9 MONTHS FIELD WORK, FINAL REPORT DUE WITHIN 12 MONTHS FROM START.

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4. STUDY TERMS OF REFERENCE, AGREED BY UNDP, GOI AND BANK, INCLUDES INTER ALIA, PREPARATION OF LAND USE PLAN FOR EACH PORT AREA INCLUDING REQUIRED REGULATIONS NEEDED FOR IMPLEMENTATION; DEFINITION OF EACH PORT'S HINTERLAND; PROJECTION OF CARGO FLOWS INCLUDING EXPECTED CHANGES IN SHIPPING AND CARGO HANDLING TECHNOLOGY; CALCULATIONS OF ECONOMIC BENEFITS OF FIRST PHASE FEASIBILITY STUDIES FOR EACH PORT; PRELIMINARY DESIGN AND ENGINEERING OUT-

LINES; FINANCIAL PROJECTIONS AND ADVISE ON PORT OPERATIONS AND MANAGEMENT.

5. ADB-SPONSORED SOUTHEAST ASIAN REGIONAL TRANSPORT SURVEY (RTS) AND BILATERAL NETHERLAND STUDY CONDUCTED BY DUTCH FIRM NEDECO EXAMINED TRANSPORT SECTOR AND PRODUCED OUTLINE PLANS FOR IMPROVEMENT TEN SELECTED INDONESIAN PORTS; RANKED SURABAYA, BELEWAN AND PANJANG AMONG FIRST FIVE BASED ON CARGO VOLUME. MAIN EMPHASIS EARLIER STUDIES ON FOREIGN TRADE VOLUME, SPECIFIC PORTS; BUT CURRENT PROJECT DESIGNED FOCUS MORE ON OVERALL NATIONAL AREA TRAFFIC AND INTERRELATIONSHIP SUMATRAN AND JAVANESE PORTS. PROPOSED PROJECT DESIGNED ASSURE NO OVERLAPPING; MUTUAL EXCHANGE OF INFORMATION WITH IDA-FINANCED TANDJUNG PRIOK CONSULTANTS ALREADY SELECTED. MAJOR AIM OF PROPOSED STUDY IS PROVIDE SAFEGUARD AGAINST OVERINVESTMENT SMALLER PORTS, STILL ASSURE THAT APPROPRIATE TECHNOLOGY IS SELECTED (I.E., CONTAINERIZED CARGO CAPABILITY) IF WORLD TRADING ROUTES JUSTIFY.

6. STUDY DOES NOT COMMIT BANK ANY FOLLOW UP ACTION ON BASIS OF STUDY ALONE. ANY FURTHER ADB INVOLVEMENT WOULD BE ON MERIT BASIS BASED ON FINDINGS OF STUDY THAT SUCH WAS TECHNICALLY SOUND AND ECONOMICALLY VIABLE. USADB RECOMMENDS FAVORABLE NAC ACTION.

7. REQUEST JAKARTA'S COMMENTS FOR NAC AGENCIES, INFO USADB MANILA, PURSUANT TO STATE 119795 DTD 3 JULY 1972.
SULLIVAN

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